

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 OMB-01 TRSE-00 STR-07 IO-13  
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R 181638Z AUG 78  
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TO SECSTATE WASHDC 5789  
INFO AMEMBASSY BONN  
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AMEMBASSY PARIS  
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USMISSION USBERLIN  
USDOC WASHDC

C O N F I D E N T I A L MOSCOW 19861

USDOC FOR BEWT

E.O. 11652: GDS  
TAGS: PEPR, FR, GW, UR, US  
SUBJECT: SOVIET-FRG TRADE IN FIRST HALF OF 1978  
  
REF: (A) MOSCOW 19341, (B) MOSCOW 17517 (NOTAL)

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SUMMARY: FRG-SOVIET TRADE STATISTICS FOR FIRST SIX MONTHS OF 1978 SHOW SIZEABLE INCREASE IN TRADE OVER FIRST HALF OF 1977. SOVIET EXPORTS, LED BY SHIPMENTS OF OIL PRODUCTS, NATURAL GAS, AND CHEMICALS, HAVE INCREASED NEARLY TWICE AS FAST AS FRG EXPORTS, BUT LATTER ALSO UP SUBSTANTIALLY, ESPECIALLY IN CONTRAST TO MODEST DECLINE IN 1977. GROWTH OF TRADE, ESPECIALLY INCREASE IN SOVIET IMPORTS, CONTRASTS WITH DEVELOPMENT  
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OF SOVIET TRADE WITH FRANCE AND ITALY, WHOSE SALES TO USSR HAVE DECLINED SHARPLY THROUGH FIRST FIVE MONTHS.

1. FRG EMBASSY HAS RELEASED STATISTICS ON BILATERAL TRADE WITH USSR FOR FIRST SIX MONTHS OF 1978. SOVIET EXPORTS OF DM2.43 BILLION WERE 26 PERCENT ABOVE FIRST SIX MONTHS OF 1977, WHILE IMPORTS FROM FRG WERE DM 3.35

BILLION, UP 14 PERCENT FROM 1977. SINCE RUBLE HAS DEPRECIATED ABOUT FIVE PERCENT IN TERMS OF DM FROM AVERAGE 1977 EXCHANGE RATE, CHANGE PROBABLY REFLECTS AN EVEN HIGHER INCREASE IN VOLUME OF SOVIET EXPORTS.

2. SURGE IN SOVIET EXPORTS, ACCORDING TO FRG EMBASSY SOURCE, IS ACCOUNTED FOR ALMOST ENTIRELY BY INCREASED SHIPMENTS IN CATEGORIES OF "PETROLEUM PRODUCTS AND NATURAL GAS" (ESPECIALLY THE LATTER) AND INTERMEDIATE CHEMICAL PRODUCTS. IN THE FIRST QUARTER OF 1978, SOVIET EXPORTS OF PETROLEUM PRODUCTS AND NATURAL GAS WERE 85 PERCENT HIGHER DURING COMPAREBLE PEEIOD OF 1977 AND ACCOUNTED FOR 40.7 PERCENT OF TOTAL EXPORTS TO FRG, (OMPARED WITH 31.6 PERCENT IN FIR\$T QUARTER OF 1977. IN 1977, EXPORTS IN THIS CATEGORY HAD BEEN ABOUT THE SAME AS IN 1976. CHEMICAL EXPORTS WERE MORE THAN DOUBLE THE 1977 LEVEL DURING THE FIRST QUARTER AND ACCOUNTED FOR MORE THAN 20 PERCENT OF TOTAL EXPORTS TO THE FRG.

3. SOURCE OBSERVED THAT THE INCREASED LEVEL OF SOVIET CHEMICAL EXPORTS IS RESULT OF COMING ON STREAM OF PRODUCTION FINANCED UNDER COMPENSATION ARRANGEMENTS, AND THAT CONTINUED INCREASES IN THESE EXPORTS MAY BE EXPECTED. AS REPORTED BY EMBASSY IN SEPAIR, FRG CHEMICAL COMPANIES, AND OTHER WEST EUROPEAN CHEMICAL

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FIRMS, ARE UNEASY ABOUT EFFECT OF SELLING THESE CHEMICALS GIVEN DEPRESSED STATE OF WEST EUROPEAN CHEMICALS MARKET. END LIMITED OFFICIAL USE.

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4. COMMENT. INCREASE IN FRG IMPORTS TO SOVIET UNION CONTRASTS WITH SHARP DROPS IN FRENCH AND ITALIAN EXPORTS TO USSR DURING FIRST FIVE MONTHS OF 1978 (REDUCTIONS OF 27 AND 23 PERCENT, RESPECTIVELY). ACCORDING TO SOURCE, SOVIETS REMAIN EAGER TO CONCLUDE NEW DEALS WITH WEST GERMAN FIRMS AND HAVE NOT ARGUED THAT LIMITATIONS IN CAPACITY TO ABSORB NEW IMPORTED EQUIPMENT WILL LIMIT IMPORT GROWTH, AS THEY TOLD THE FRENCH LAST MONTH (REF B). WHETHER OR NOT THIS IS COMMENTARY UPON FRG'S CURRENT COMPETITIVE POSITION IN THE SOVIET MARKET, IT IS CONSISTENT WITH COMPARATIVEL UPBEAT RECENT COVERAGE OF FRG-SOVIET ECONOMIC COOPERATION IN THE SOVIET PRESS. (REF A). TOON

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE, DATA, FOREIGN TRADE  
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**Decaption Date:** 01 jan 1960  
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**Disposition Approved on Date:**  
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**Disposition Date:** 20 Mar 2014  
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**Subject:** SOVIET-FRG TRADE IN FIRST HALF OF 1978  
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